



**EFFICIENT, RELIABLE, &  
COST EFFECTIVE**

# FINANCE WITH MAP

## What is MAP?

Multifamily Accelerated Processing (MAP) is a proven process that enables HUD-approved lenders to prepare, process, and submit loan applications for Federal Housing Administration (FHA) multifamily mortgage insurance. MAP replaced previous “fast-track” procedures with a single national process for all multifamily offices of HUD.

## What is FHA Mortgage Insurance?

FHA insures mortgages for new construction, substantial rehabilitation, and purchase, or refinance of apartment buildings. The insurance covers the lender if a borrower defaults on the insured loan. Insured mortgages have a fixed interest rate and are self-amortizing.

## Why Use MAP?

MAP has standardized HUD’s underwriting process by applying national standards, which

provide greater lender responsibility and control. The result is a process that creates more timely and consistent end results.

## How Can MAP Help You?

The following are 8 good reasons why you should choose an FHA-insured loan:

1. Expedited decisions on loan applications [45 days for Section 223(f), 60 days for Section 221(d)(4) and 30 days for Section 223(a)(7)].
2. Predictability– lenders underwrite and HUD reviews.
3. Consistency– national standards for application submissions.
4. Long-term financing– up to 40 years.
5. Federal guarantee- results in a AAA bond rating on financing, which provides credit enhancement for tax exempt bonds and Low Income Housing Tax Credits (LIHTCs).
6. Eligible for securitization by GNMA.
7. FHA-insured loans are non-recourse.
8. FHA loans are assumable.

## Eligible Multifamily HUD Programs

- \* Multifamily housing under Sections 221(d)(3), 221(d)(4), 231, and Section 220 programs for new construction or substantial rehabilitation of multifamily housing.
- \* Refis of Section 202 housing for the elderly.
- \* Section 223(f) programs for the purchase or refinancing of existing multifamily housing.
- \* Refis of Section 236 projects with interest reduction payments.
- \* Section 223(a)(7) program for the Refi of existing debt, completion of required repairs which result in lower interest rate & debt service.



## Special points of interest:

- \*How Can MAP Help You?
- \*Eligible Multifamily Programs
- \*Quick MAP Facts
- \*Primary MAP Programs
- \*Processing Steps
- \*Web Site Addresses
- \*Key Philadelphia Hub Staff

# QUICK MAP FACTS

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- MAP is a response to a need to modernize and streamline the FHA mortgage insurance program.
- MAP was created in response to lenders who value FHA mortgage insurance and wanted to see its expansion in the marketplace.
- The goal of MAP is to establish HUD as the #1 multifamily finance source.
- MAP strikes a balance between expedited processing and acceptable risks.
- MAP efficiently utilizes HUD staff resources by balancing workload among the Program Centers within each of the 18 Hubs.
- MAP recognizes that employees who specialize in a specific program, perform better than those who must work several program areas.
- The MAP Guide was designed with Field, Headquarters, and lender input.
- MAP establishes specific norms and timeframes for work to be accomplished.
- MAP provides consistency of reviews, but flexibility in the administration of FHA program underwriting.
- There are 91 FHA-approved MAP lenders.
- In FY12, 1,247 loans were initially endorsed (\$13.05 billion).

## PRIMARY MAP PROGRAMS

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### Section 221(d)(3), 221(d)(4), and 231 - New Construction and Substantial Rehabilitation for Rental Housing

- Fixed interest rate (market)
- Non-recourse & assumable
- 5 or more units
- No cap on the number of units or the loan amount
- Statutory limits vary by location
- Construction financing
- Davis-Bacon wage rates
- 40-year term
- LTV (loan-to-value) 83.3% - 95%
- DSC (debt service constant) 83.3% - 90%
- DSCR (debt service coverage ratio) 1.11 - 1.20
- 2 Step Processing

### Section 223(f)- Refinance (non-Section 202)

- Projects must be at least 3 years' old and remain rental housing for at least 5 years (waivers may apply)
- Fixed interest rate (market)
- Non-recourse & assumable
- 5 or more units
- No cap on the number of units or the loan amount
- Statutory limits vary by location
- No Davis-Bacon rates
- Equity take-outs possible
- 35-year term or 75% of remaining economic life
- LTV 83.3% - 87%
- DSC 83.3% - 87%
- DSCR 1.15 - 1.20
- 1 Step Processing

### Section 202 Refinancing-Housing for the Elderly, (pursuant to Section 223(f))

- Fixed interest rate (market)
- Non-recourse & assumable
- No statutory limits
- 35-yr. term
- LTV 90%
- DSC 90%
- DSCR 1.11
- 1 Step Processing

### Section 223(a)(7) Refinance of HUD Insured Multifamily Properties

- Fixed rate (Market)
- Non-recourse & Assumable
- No Davis Bacon rates
- Term may not exceed remaining term; or Up to 12 years beyond original term
- LTV 90%
- DSC 90%
- 1 Step Processing

## **PROCESSING STEPS**

### **Step 1- Initial Project Evaluation**

1. Lender's development team is approved by lender (i.e., Appraiser, Underwriter, Market Analyst, Cost Estimator, Architectural Analyst, and Construction Analyst).
2. Lender submits the Pre-Application or Firm Application, as applicable for the type of mortgage insurance.
3. HUD Appraiser and EMAD Economist perform desk review and market analysis.
4. EMAD review provided to Team Leader and Appraiser.
5. HUD Appraiser makes final recommendation to Team Leader regarding market demand for the project. A qualified appraiser or an independent market analyst may prepare the market study.
6. MAP design team recommends applications for new construction/sub. rehab. under Section 221(d)(3)(4) or Section 220. The Pre-Application evaluation consists of a review of the appraisal, market study, site analysis (including Phase I environmental), schematic drawings, and determination of rents.
7. HUD Appraiser performs a site visit of the project and comparables to verify appraiser's conclusions.
8. HUD completes the environmental assessment.
9. HUD reviews hard and soft costs and operating expenses based on comparable data.

### **Step 2- Firm Commitment**

1. MAP Lender submits either a Pre-Application (NC/SR) or a Firm Application (including Form 2264 and 2264A) from sponsor and performs complete underwriting of the application. This includes the architectural, cost, appraisal and credit reviews.
2. Each HUD technician reviews the lender's reports, the assigned sections of the HUD Form 2264, and 2264A, the underwriting (income/expenses, land/building value, replacement cost, and est. mortgage), the summary, previous participation, etc.
3. After the Team Leader is satisfied that the reviews have been completed and the loan has been properly underwritten, he/she recommends to the Hub Director or the Program Center Director that the commitment to insure be issued.
4. The MAP Lender's servicer must also review the loan application to insure that it is satisfactory and suitable for HUD insurance.

### **Responsibilities Retained By HUD**

- Environmental (HUD Form 4128).
- Previous Participation Approval.
- Affirmative Fair Housing Marketing Plan.
- Change orders, waivers, and time extensions.

## **Web Site Addresses and Key Hub Contacts**

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HUD's Multifamily Accelerated Processing (MAP) web-site has a wealth of information about the process.

Topics include: MAP Guide, Q & A, Loan Closing Documents, Approved Lender List, MAP Statistics, and more. See:

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/mfh/map/maphome](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/map/maphome)

Also, descriptions of HUD development programs can be found at:

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/mfh/progdsc](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/progdsc)

### **Key Philadelphia Hub Contacts:**

Thomas Langston, Acting Director Philadelphia Multifamily Hub  
Telephone: (215) 861-7565

Rodell Burton, Director Project Management  
Telephone: (215) 861-7556  
U. S. Dept. of HUD  
100 Penn Square East  
The Wanamaker Building  
Philadelphia, PA 19107-3380

Gary Passage, Director Pittsburgh Program Center  
Telephone: (412) 644-6399  
U. S. Dept. of HUD  
1000 Liberty Avenue, Suite 1000  
Pittsburgh, PA 15222

Dean Santa, Director Newark Program Center  
Telephone: (973) 776-7274  
U. S. Dept. of HUD  
One Newark Center- 13th Floor  
Newark, NJ 07102-5260

Lloyd Wilkerson, Director Charleston Program Center  
Telephone: (304) 347-7000, Ext. 110  
U. S. Dept. of HUD  
405 Capitol Street- Suite 708  
Charleston, WV 25301-1795